

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113

Sacramento, CA

**Minutes of Meeting**

August 11, 2005

**COMMISSIONERS PRESENT**

Nancy E. McFadden, Chair  
Marco Firebaugh  
Diane M. Griffiths  
Teresa P. Hughes  
Vicki Marti  
Lynn Schenk  
Cathie Bennett Warner

**CMAC STAFF PRESENT**

J. Keith Berger, Executive Director  
Enid Barnes  
Theresa Bueno  
Paul Cerles  
Denise DeTrano  
Holland Golec  
Steve Soto  
Michael Tagupa  
Mervin Tamai  
Carol Tate

**EX-OFFICIO MEMBERS PRESENT**

Bob Sands, Department of Finance  
Sunni Burns, Department of Health Services

**I. Call to Order**

The August 11, 2005 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Chair Nancy E. McFadden. A quorum was present.

**II. Approval of Minutes**

The July 28, 2005 meeting minutes were approved as prepared by CMAC staff.

### **III. Executive Director's Report**

Mr. Berger reported that there had been two requests from hospitals to appear before the Commission in closed session. Mr. Berger informed the Commission that Good Samaritan Hospital withdrew their request to appear in closed session. Sutter Health, on behalf of Alta Bates Sutter Medical Center, is requesting to appear before the Commission in closed session on September 8, 2005. Mr. Berger recommended that the Commissioners approve the request. The Commissioners concurred with Mr. Berger's request.

Mr. Berger informed the Commissioners that there are 11 amendments for action during today's closed session as well as some updates and strategic discussions on current negotiations.

Mr. Berger reminded the Commission that there are two presentations scheduled today during the open session; one is from the California Health Facilities Financing Authority (CHFFA) and the other from the Cal Mortgage program at the Office of Statewide Health Planning and Development. They will provide the Commission with a general overview of these two sources for hospital loan and bond funding and address any questions from the Commission.

Mr. Berger indicated that the State is working very hard on finalizing the terms and conditions of the State's Selective Provider Contracting Program (SPCP) waiver with the Centers for Medicare & Medicaid Services (CMS).

Mr. Berger asked Sunni Burns to give the Commission an update on the status of the hospital-financing waiver.

Ms. Burns stated that on August 4, 2005, DHS and the legislative staff met with the hospital association to go over the latest draft of the terms and conditions of the new waiver. DHS is still waiting for the hospitals to submit their comments on the principles. DHS continues to work with CMS on the terms and conditions; one of the key issues still remaining is the definition of allowable cost.

In response to Chair McFadden's question, Mr. Berger stated that the State's proposals in regards to what is in the federal waiver, as well as the draft guidelines for implementation sent to the Legislature, have included CMAC continuing to do what it has done historically, which is to negotiate per diems and supplemental payments for contract hospitals.

### **IV. Medi-Cal Managed Care Activities**

Mr. Berger noted that there is a joint Legislative hearing scheduled for next Tuesday, August 16, from 10:00 am – 1:00 pm in room 4202. The informational hearing

is to discuss the Administration's proposals for Medi-Cal Managed Care expansion. He informed the Commission that he has been asked to participate in the hearing agenda section that relates to managed care rates. Mr. Berger stated that he would update the Commissioners on the outcome of the hearing.

Mr. Berger asked Paul Cerles, CMAC's Deputy Director, to introduce the representatives that were present and prepared for today's presentation.

**V. Appearance by: California Health Facilities Financing Authority  
Cal Mortgage Program**

Mr. Cerles introduced two representatives that were present and prepared to present several different financing options for California health facilities. He explained that Sandra Simpson-Fontaine, Executive Director for the CHFFA, would provide a brief outline of the programs that are available to the public and non-profit health facilities through CHFFA; and Dale A. Flournoy, Deputy Director for Cal-Mortgage Loan Insurance Program, would provide the Commission with a brief outline of his program and what they make available to the hospitals and health facilities here in California.

Ms. Simpson-Fontaine indicated that CHFFA was established in the late 70's. It is an Agency of the State that provides financial assistance to public and non-profit health care providers in California, primarily through loans funded by the issuance of tax-exempt bonds. Tax-exempt bonds provide more favorable financing rates to health care providers than what might otherwise be obtainable. CHFFA financing may be used for the construction and renovation of new or existing health care facilities, for the purchase of equipment, for refinancing or for refunding of prior debts. CHFFA also operates a direct loan program called Help II, which provides low cost loans to community based and rural health facilities.

CHFFA has administered the Cedillo-Alarcón Community Care Investment Act of 2000 and a one-time \$50 million grant program for California's Community Clinics. Ms. Simpson-Fontaine provided the Commission with handouts that contain background information on the CHFFA programs she described.

There is a link set up on CMAC's website that will connect anyone interested in the CHFFA programs, to the CHFFA website.

Dale A. Flournoy, indicated that the Cal-Mortgage Program is there to assist hospitals in lowering their cost of capital to acquire, renovate and expand health facilities. California remains the only state in the nation that amended the Constitution in 1968 to create a loan insurance program that is very much like FHA is to home mortgages. The desire of the voters, legislators and Governor at that time was to absolutely lower the cost of capital in borrowing for construction of existing and new health facilities.

Mr. Flournoy provided the Commission with a handout that highlights what Cal-Mortgage has to offer the hospitals and health facilities. It also provides a website and phone number if anyone wants more information on the different programs available through Cal-Mortgage. The handout will be posted on CMAC's website and is also available upon request.

There were a number of questions asked by the Commissioners regarding the use of the loans, which facilities qualify for them, the breakdown of these funds, and inquiries about the availability of these funds. Both Ms. Simpson-Fontaine and Mr. Flournoy indicated that the loans might be used for improvement, renovation, expansion or refinancing if needed by the health facilities. Ms. Simpson-Fontaine stated that there are 17 different types of facilities that qualify for these loans and that there are about four different types of programs that will meet the needs of the different types of facility.

Mr. Flournoy indicated that larger facilities might qualify easier than a smaller facility, but that funds are available and that there are different programs for the different types of loans that a health facility might need.

Chair McFadden thanked both Ms. Simpson-Fontaine and Mr. Flournoy for their presentations.

## **VI. New Business/Public Comments/Adjournment**

There being no further new business and no additional comments from the public, Chair Nancy McFadden recessed the open session. Chair McFadden opened the closed session, and after closed session items were addressed, the Commission went into executive closed session. After the executive items were addressed, the closed session was adjourned and the Commission reconvened in open session. Chair McFadden announced that the Commission had taken action on hospital contracts and amendments in closed session. The open session was then adjourned.